Table of Contents

Αľ	Note to the Reader	iii
1. \	What Is the Budget?	1
2. \	Where the Money Comes From—and Where It Goes	5
	Revenues	7
	Spending	10
	"On" and "Off" Budget	15
3. l	How Does the Government Create a Budget?	17
	The President's Budget	17
	The Budget Process	18
	Action in Congress	19
	Monitoring the Budget	20
4.]	Deficits and the Debt	23
	Why the Deficit is a Problem	25
	Deficits and Debt	26
	Deficit Reduction Efforts	28
5. 7	The President's 1997 Budget	31
	Reaching Balance	31
	Maintaining Our Values	32
	Making Government Work	33
Glossary		37
List	of Charts and Tables	41

A Note to the Reader

Next year, your Federal Government will spend over \$1.6 trillion.

Needless to say, that's a lot of money. And the Government spends it on lots of things—on programs as large and popular as Social Security, and on activities as small and unknown as repairs to the National Zoo. Together, these programs are what make up the Federal budget.

How much do you know about the budget? If your answer is "not much," you're not alone. In fact, hardly anybody knows everything that's in the thousands of pages, and several books, that make up the budget each year.

But we know you care a lot about how the Government spends your money. That's why we created *A Citizen's Guide to the Federal Budget* last year, and why we have published this second edition. With it, we hope to make the budget more accessible and understandable.

The *Guide* is designed to give you a walking tour of the budget. In these pages, we will outline for you how the Government raises revenues and spends money, how the President and Congress enact the budget, why the budget deficit and Federal debt are problems, and what the President hopes to accomplish with his 1997 budget.

After you read these pages, we hope that you will think the tour was worth your time. And we hope you will give us your suggestions about how we can make the *Guide* more useful to you in the future.